

Message Text

LIMITED OFFICIAL USE

PAGE 01 DACCA 05922 301431Z
ACTION OPIC-06

INFO OCT-01 NEA-11 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
L-03 AID-05 (ISO) W
-----064986 010318Z /21
R 290650Z SEP 78
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 947

LIMITED OFFICIAL USE DACCA 5922

PASS OPIC

PASS AID/ASIA/BIS

E.O. 11652: N/A
TAGS: EINV BG
SUBJECT: BELBAGCO

REFS: A. STATE 232435, B. DACCA 5828

1. EMBASSY HAS LEARNED FROM TWO WELL-INFORMED BUSINESS SOURCES THAT MR. M.R. AWAL, A BANGLADESHI BUSINESSMAN, HAS ENTERED INTO AN AGREEMENT WITH THE BDG FOR PURCHASE OF THE BANGLADESH FABRIC PLANT, AS REPORTED REF (A).

2. MOBASSAR HUSAIN, THE DACCA REPRESENTATIVE FOR BELBAGCO, INFORMED EMBOFF SEPTEMBER 28 THAT AWAL TOLD HIM HE HAD AGREED TO PAY A TOTAL OF TK. 24,500,000 (\$1,633,333) FOR THE PLANT AND THAT HE HAD A LETTER OF ACCEPTANCE FROM THE MINISTRY OF INDUSTRIES. THE PURCHASE PRICE INCLUDES TK. 19 MILLION (\$1,266,666) FOR FIXED ASSETS PLUS PART OF THE COOLEY LOAN LIABILITY AND TK. 5.5 MILLION (\$366,666) FOR LOCAL LIABILITIES. A FIRST INSTALLMENT OF TK. 4 MILLION WAS DUE WEDNESDAY, SEPTEMBER 27. AWAL TOLD HUSAIN HE HAD ASKED FOR AND OBTAINED A 20-25 DAY EXTENSION FOR PAY-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DACCA 05922 301431Z

MENT OF THIS INSTALLMENT.

3. HUSAIN THOUGH TK. 24,500,000 WAS AN ATTRACTIVE PRICE. IF AWAL DOES NOT OPERATE THE PLANT, THE LAND ALONE IS VERY VALUABLE; THE SCRAP VALUE OF MACHINERY COULD BE AS HIGH AS TK. 10 MILLION AND SUBSTANTIAL INCOME COULD BE EARNED FROM RENTING WAREHOUSES ON THE SITE.

HUSAIN WAS LESS CERTAIN TAT THE PLANT COULD OPERATE PROFITABLY.

4. HUSAIN DESCRIBED AWAL AS A WEALTHY ENTREPRENEUR WHO OWNS A TOBACCO COMPANY IN THE TEJGAON DISTRICT OF DACCA. (THE PLANT WAS FORMERLY OWNED BY THE ISPAHANI FAMILY, DECLARED AN ABANDONED PROPERTY BY THE GOVERNMENT IN 1972 AND SOLD TO AWAL.) HE SAID AWAL ALSO RUNS A LUCRATIVE SHIPPING BUSINESS WHICH OWNS TWO OCEAN-GOING VESSELS.

5. WE HAVE OBTAINED A REPORT CONCERNING THE SALE OF THE BANFAB PLANT TO AWAL FROM ANOTHER WELL-INFORMED BANGLADESHI BUSINESSMAN WHICH MATCHES HUSAIN'S ACCOUNT.

6. WE HAVE RECEIVED NO OFFICIAL RESPONSE TO THE AMBASSADOR'S MOST RECENT REQUEST FOR SETTLEMENT OF BELBAGCO CONTAINED IN A LETTER TO THE MINISTER OF INDUSTRIES SEPTEMBER 22 (REF B). WE HAVE INFORMAL INDICATIONS, HOWEVER, THAT SOMETHING IS HAPPENING. AID DIRECTOR RAISED THE PROBLEM OF NON-AVAILABILITY OF OPIC INSURANCE IN MEETING WITH JOINT SECRETARY MOHAMMAD ALI, EXTERNAL RESOURCES DIVISION, MINISTRY OF PLANNING SEPTEMBER 28 AND AGAIN REVIEWED SERIOUS PROBLEMS THIS CREATES FOR ASHUGANJ AND KARAPHULI CONTRACTS. ALI SAID HE HAD MET WITH SECRETARY OF INDUSTRIES MATIUL ISLAM AFTER RECEIVING A COPY OF THE AMBASSADOR'S LETTER DATED SEPTEMBER 22 TO THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DACCA 05922 301431Z

MINISTER OF INDUSTRIES DESCRIBING THESE PROBLEMS. ISLAM SAID QUICK ACTION WOULD BE TAKEN TO SETTLE THE OPIC ISSUE CLAIM. ALSO ON SEPTEMBER 28 MANAGING DIRECTOR OF ASHUGANJ PROJECT M. USUF TOLD USAID OFFICER THAT THE BELBAGCO CLAIM HAS BEEN "SETTLED."

7. IF WE ARE NOT ADVISED OF A SATISFACTORY SETTLEMENT OF BELBAGCO SOON, WE WILL TRY TO ASCERTAIN WHEN THE REPORTED SALE OF THE PLANT TO AWAL IS CONCLUDED AND THAT THE PRICE WAS ACTUALLY PAID. WE WOULD PLAN TO RAISE THIS, IF TRUE, WITH THE BDG AS A FURTHER GROUND THAT ITS POSITION ON VALUATION OF THE ASSETS IS INDEFENSIBLE. IF THE PLANT IS SOLD FOR \$1.6 MILLION, THIS OBVIOUSLY WOULD BE ALL THE MORE REASON FOR USG TO FIRMLY REJECT ANY SETTLEMENT FOR LESS THAN THE CURRENT TAKA EQUIVALENT OF \$620,000, THE FIGURE OFFERED BY AMBASSADOR SIDDIQUI AND ACCEPTED BY OPIC.

SCHNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, TEXTILES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978DACCA05922
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780400-1094
Format: TEL
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978097/aaaaafoq.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a488b350-c288-dd11-92da-001cc4696bcc
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 232435, 78 DACCA 5828
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1445127
Secure: OPEN
Status: NATIVE
Subject: BELBAGCO
TAGS: EINV, BG, (AWAL, M R)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a488b350-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014